[27th November 1928

Principle of granting loans to the Carnatic Paper Mills Company, Limited.

* 695-A Q.—Mr. K. V. R. Swami : With reference to answer to question No. 74, dated 20th October 1927, will the hon. the Minister for Development be pleased to state—

(a) the purpose for which each loan was granted to the Carnatic Paper Mills ;

(b) the total liability of the firm on the date of the last loan ;

(c) whether each loan was secured by a mortgage bond ;

(d) the date on which the first loan was actually paid ;

(e) the purpose for which it was actually applied ; and

(f) whether by the date when it was granted the company had dispensed with the services of most of their staff and, if so, for what reason ?

A.—(a) Rupees 4 lakhs were granted to redeem prior mortgage and to clear certain other liabilities ; the balance to pay the staff, to maintain property, to pay off insurance charges, to meet Court cost, etc.

(b) Rupees 7,86,898 on 30th June 1927.

(c) Yes.

(d) 14th March 1925.

(e) For redeeming prior mortgage and clearing certain other liabilities.

(f) The Government have no information.

Possibilities of repaying the loan by the Carnatic Paper Mills, Limited.

* 695-B Q.—Mr. K. V. R. Swami : Will the hon. the Minister for Development be pleased to state whether the Government in demanding the loan amount due to them from the Carnatic Paper Mills, Limited, have considered the possibility of their repaying the loan ?

A.—Yes.

Alleged decision of the Government not to grant further loans to the Carnatic Paper Mills.

* 695-C Q.—Mr. K. V. R. Swami : Will the hon. the Minister for Development be pleased to state—

(a) whether the Government have decided not to advance any money to enable the Carnatic Paper Mills to start work ;

(b) if so, when ;

(c) what the reasons for such decision are ;

(d) whether the Government have intimated their decision to the Mills ;

(e) if so, when ; and

(f) if not, why not ?

A.—(a) Yes.

(b) Early this year.

(c) The attention of the hon. Member is invited to the speech of the hon. the Finance Member on the adjournment motion on the 5th September 1928.

27th November 1928]

(*d*), (*e*) & (*f*) No. The Mills were told as early as August 1926 that the amount of further loan admissible to them under the State Aid to Industries Act was strictly limited, and that the Government did not propose to grant any further assistance until they were satisfied that the company had reorganized itself and set up a proper and efficient management and found all the capital necessary over and above the admissible Government loan. The company has not so far satisfied these conditions.

Mr. K. V. R. SWAMI :—"In answer to clause (*c*) of this question it i stated 'The attention of the hon. Member is invited to the speech of the hon. the Finance Member on the adjournment motion on the 5th September 1928.' May I ask whether the Development Minister entirely depends upon the speeches of the hon. the Finance Member for his opinion? Has he no opinions of his own?"

The hon. the PRESIDENT :—"The reasons are to be found there."

Mr. K. V. R. SWAMI :—"Does he accept all those reasons?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"In this matter 'yes'."

Mr. G. HARISARVOTTAMA RAO :—"With reference to the answers given in clauses (*d*), (*e*) and (*f*), did the Government call for an answer from the company and receive a reply? If they had received, what was the reply?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"The Director of Industries reported on this matter on several occasions."

Mr. G. HARISARVOTTAMA RAO :—"May I know whether the hon. Minister is not prepared to give us the required information?"

The hon. Mr. M. R. SETURATNAM AYYAR :—"I want notice."

Issue of three months' notice to the shareholders of the Carnatic Paper Mills about the disposal of its properties.

*696-A *Q.*—Mr. K. V. R. SWAMI: Will the hon. the Minister for Development be pleased to state—

(*a*) whether there is any clause in the mortgage deed executed by the Carnatic Paper Mills to the Government that in case the Government desire to dispose of the properties of the Mills they should give three months' notice to the shareholders or any other clause to the same effect;

(*b*) if so, whether any such notice was given to the shareholders; and

(*c*) if not, why not?

A.—(*a*) Yes; to the mortgagor.

(*b*) Yes.

(*c*) Does not arise.

Notice to the Carnatic Paper Mills, Limited, regarding repayment of the dues to Government.

*696-B *Q.*—Mr. K. V. R. SWAMI: Will the hon. the Minister for Development be pleased to state—

(*a*) whether the Government have given notice to the Carnatic Paper Mills, Limited, that the amount due to the Government should be paid within three months, failing which certain steps would be taken;